

Herald Tribune

Published with The New York Times and The Washington Post

LONDON, MONDAY, MAY 18, 1981

Established 1887

Table with exchange rates for various currencies including Algerian, Australian, and others.

Schmidt Hints at Resigning over Euromissiles Quarrel

John Vinocur... Chancelor Helmut Schmidt... resignation or the year of West German government...



Helmut Schmidt

He said... "It would be a good thing if some people in the party could comprehend that such a situation could actually take place this year," he said.

Dobrynin Discusses Curbs and Mideast

Washington Post Service... The United States... the Soviet Union, in a renewed superpower...

Pope, in Taped Message, Tells Crowd At Vatican That He Forgives Attacker

By Henry Tanner... ROME — Pope John Paul II, his voice surprisingly strong and clear in a recorded address...

China Reports Major Battle With Vietnam

PEKING — China said Sunday that its forces had killed more than 150 Vietnamese soldiers in a battle on the Chinese side of the frontier Saturday.

Japan Foreign Minister's Resignation Deepens Split Over Nation's Arms Role

By William Chapman... TOKYO — When a little-known politician named Zenko Suzuki became premier of Japan last summer, the wise heads in the capital described him as an amiable fellow with one major fault — he did not know much about foreign policy.

Syria Appears to Gird for Israeli Attack As Habib Confers With Saudis on Crisis

By Stuart Auerbach... DAMASCUS — The Syrian government appears to be quietly and systematically girding for a new conflict with Israel.



An estimated 3,000 people attended a weekend peace rally in Tel Aviv, urging Prime Minister Menachem Begin's government to seek a diplomatic solution on the Syrian missiles in Lebanon.

Israelis Extend Time Limits in Lebanon Crisis

By David K. Shieler... JERUSALEM — Israel's Cabinet voted unanimously Sunday to give more time to diplomatic efforts before resorting to military action against the Syrian missiles in Lebanon.

Delicate Equilibrium

Restoring the status quo ante would mean restoring the delicate internal equilibrium that has kept Lebanon in balance during the five years of Syrian presence, and for the most part has kept Syria and Israel out of direct conflict.

Missiles Protected

Syria has increased its air defenses near Lebanon's Bekaa Valley, where the missiles are located, and military analysts in Damascus say Israel could lose at least one or two planes if it attacked the missile sites.

New Minister's Background

Mr. Ito was replaced by Sunao Sonoda, a former foreign minister who negotiated the 1978 Japan-China peace and friendship treaty.

Auto-Export Issue

It was the first major disruption in the Suzuki government since he became premier last July, following the death of Masayoshi Ohira.

Insights at CIA

Appointment of Max Baucus as a New Hampshire senator and Reagan campaigner, as the CIA's director for operations against waves of criticism from the intelligence community.

Israelis Extend Time Limits in Lebanon Crisis

By David K. Shieler... Mr. Habib is reported to be carrying a proposal to replace the militia in Zable with regular Lebanese Army troops in exchange for Syrian withdrawal from the heights around the town and from other positions on a ridge west of the Bekaa Valley.

Old Understanding

Turning back the clock would also mean the restoration of a 1976 understanding between Syria and Israel under which Syria would not use its air force in Lebanon or introduce anti-aircraft missiles into Lebanese territory.

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A SPLASH — President Reagan's wife, Nancy, ducks away from flying champagne during christening of the USS Ticonderoga at Ingalls Shipbuilding in Pascagoula, Miss. The \$1.2-billion ship will carry a new computer-controlled air defense system called Aegis.

# Ex-Officials Critical of Casey's Choice as CIA Deputy

By David S. Broder and Patrick E. Tyler

WASHINGTON — The appointment of Max Hugel, a New Hampshire businessman and Reagan campaign organizer, as the CIA's deputy director for operations has set off critical broadsides from members of the intelligence community who contend that his lack of experience disqualifies him for what is in effect the top "spymaster" post in government. The choice also stirred expressions of disbelief from some former campaign associates who said it was only Mr. Hugel's friendship with William J. Casey, the former Reagan campaign chairman now serving as CIA director, that saved Mr. Hugel from being removed from his job as organizer of ethnic, nationality and citizens groups for the campaign last year.

He was originally named by Mr. Casey as the deputy director for administration. But two weeks ago he was shifted into the vacant operations slot, without public announcement. It is that shift, into what intelligence professionals consider the most sensitive position in the agency, that has stirred up a storm. George A. Carver, a 26-year veteran of the CIA who served on Mr. Reagan's CIA transition team, said, "This is like putting a guy who has never been to sea in as chief of naval operations... It's like putting a guy who is not an M.D. in charge of the cardiovascular unit of a major hospital." Samuel Hoskinson, a CIA and National Security Council official in the Nixon, Ford and Carter administrations, said that Mr. Hugel "starts from ground zero" in a job where "total familiarity with this kind of arcane business" is essential.

John Greaney, executive director of the Association of Former Intelligence Officers, said there was "general concern about his lack of experience for a very sensitive job... It is the heart of the organization's collection function, and to my knowledge there has never been this kind of appointment in the past." But Mr. Greaney added, "I don't know the man, and Mr. Casey is entitled to his choice of associates, so it might be better to hold off and see what kind of a job he does." Mr. Casey said the criticism was coming from a "bunch of guys who think you can only understand this business if you've been here 25 years." Noting the abundance of "very experienced people" in the geographic divisions of the CIA, Mr. Casey said he did not believe experience was the main criterion for senior executives.

Other Defenders Mr. Hugel had some other strong defenders. William Loeb, the publisher of the Manchester (N.H.) Union-Leader, who said he introduced Mr. Hugel to the Reagan campaign, said: "I personally feel it will be a great shot of fresh air in that organization to have him in that position... CIA could stand a man with brains. He has the instincts of a street fighter, trusts very few people and will make an ideal spymaster." Another member of Reagan's CIA transition team called the appointment the "first decent thing that Bill Casey has done," explaining that "this fellow lives in the real world, unlike a lot of the professionals who are carrying."

But a third member of that transition team, who also insisted on anonymity, called the choice of Mr. Hugel a "living disaster," adding, "Maybe he's a great businessman and maybe he did a great job as head of the Reagan-Bush volunteers. But he came in as deputy director for administration and quickly made a reputation as a hip-shooter, telling everybody, 'You guys don't know about modern business methods.'"

**No White House Comment** Larry Speakes, the deputy White House press secretary, said he had no comment, noting that the appointment was Mr. Casey's and not Mr. Reagan's. But a senior White House staff member acknowledged that he had received calls from two previous CIA directors protesting the choice.

Mr. Casey strongly defended the appointment in a telephone interview, declaring, "I looked over the field very carefully, and I believe I made a good choice." He said that Mr. Hugel's lack of experience was compensated by that of his deputies and that "his ability to apply private vigor to an organization... has made a very strong impression around here."

**IRA Faster McCreech Reportedly Almost Blind, Deaf** Mr. McCreech's brother, the Rev. Brian McCreech, a Roman Catholic priest, sent a telegram to Prime Minister Margaret Thatcher on Sunday urging her to save the hunger striker's life by making some concessions on the prison issue.

Two other convicted IRA men, Joe McDonnell, 30, and Brendan McLaughlin, 29, have joined the fast in the last nine days, replacing Bobby Sands and Francis Hughes, who died. The IRA has said that it will maintain the number of hunger strikers at four until their demands are met.

last month to persuade Mr. Sands to call off his fast. The commission, based in Strasbourg, said Friday that it planned to re-examine an August, 1978, complaint by an IRA prisoner at the Maze about the amount of mail that inmates could receive and the lack of an "effective remedy" for complaints.

## Reagan, at Notre Dame, Defends Policies

**By Turnout Light on Abortion** BEND, Ind. — President Reagan, in his first scheduled appearance outside Washington, was shot in an assassination attempt there March 30, previous standards for Americans people eligible had voted. The votes are on opposing the city's abortion laws. The current and anti-terrorist measures he acted in a film, and full results are expected by observers believe voting through Knute Rockne, Mr. Ford's Secretary of State last Wednesday.

Reagan recalled that the nearly 100,000 strong crowd was a "miraculous" event. He said that he was "warned last year" by economic theorists that the "heretic of class struggle to justice." President, whose sweeping cuts have been approved by Congress, details his policy of limiting the government's role. "We are today by economic stagflation brought on by inflated currency and tax and bur-

densome regulations," Mr. Reagan said. "For too long government has been fixing things that aren't broken and inventing miracle cures for which there are no known diseases... The years ahead will be great ones for our country, for the spread of freedom and for the cause of civilization," the president said. "The West will not contain Communism; it will transcend Communism," Mr. Reagan asserted. "We will not bother to denounce it; we'll dismiss it as a sad, bizarre chapter in human history whose last pages are even now being written." Mr. Reagan expressed sorrow over the shooting of the pope, quoting William Faulkner: "Man is immortal because he alone among creatures has a soul, a spirit capable of compassion and sacrifice and endurance." "One cannot say those words," the president said, "without thinking of the irony that one who so exemplifies them, Pope John Paul II, a man of peace and goodness and an inspiration to the world, would be struck by a bullet from a man toward whom he could only feel compassion and love." Notre Dame awarded honorary degrees to the president and to Pat O'Brien, Mr. Reagan's co-star in the film "Knute Rockne — All-American." Mr. Reagan's role in the film was that of George Gipp, a Notre Dame halfback known as "the Gipper" who died of pneumonia while attending the university.

## U.S. Senators Hear Foe of Busing

WASHINGTON — Court-ordered busing for school desegregation has created an "incredible surge" of enrollment by whites in private schools, which has increased racial separation between "predominantly minority public schools and predominantly white private schools" in many cities, a Rand Corp. researcher told a Senate subcommittee. David J. Armor, a sociologist who termed busing "the most unpopular, least successful... national policy since Prohibition," said that mandatory busing plans have stirred such great opposition that not only has "white flight" to the suburbs accelerated, but in recent years there has been "an in-

creasing reliance on private schools to flee" from busing. He spoke Thursday at a hearing conducted by the Senate Judiciary Subcommittee on the Constitution. In some cities, the switch by whites to private schools has been so great, Mr. Armor said, that it has reversed the long-term decline in white private school enrollments. For example, he said, in Los Angeles there was a 20,000-increase in private school students between 1978 and 1980. He was sharply challenged by Julius Chambers, president of the NAACP Legal Defense and Education Fund, who said that busing was necessary to end state-imposed segregation and has led to clear gains for black students.

Other developments, police said masked gunmen planted firebombs in a brickworks in Dunganannon, about 35 miles (56 kilometers) southwest of Belfast, destroying at least 10 trucks. Firebombs also gutted a Dunganannon movie theater and a toy shop early Sunday, police said. No casualties were reported. Dunganannon authorities estimated damage at £1 million (about \$2.07 million).

These are not central issues in the dispute," Mr. Austin said. "I don't believe any recommendations the commission could make on this would resolve the issue at all." He also noted that the commission ruled two years ago that jailed guerrillas in Northern Ireland had no right to be accorded political status. The hunger strikers are demanding political status on the grounds that they were convicted in a guerrilla war against British rule of Northern Ireland. In other developments, police said masked gunmen planted firebombs in a brickworks in Dunganannon, about 35 miles (56 kilometers) southwest of Belfast, destroying at least 10 trucks. Firebombs also gutted a Dunganannon movie theater and a toy shop early Sunday, police said. No casualties were reported. Dunganannon authorities estimated damage at £1 million (about \$2.07 million).

## Jesus Christ's Taped Message Forgives His Enemies

Jesus Christ's message, recorded in 1977, was broadcast on radio and television. The message was a surprise to many, as it was believed that Jesus had died in 33 AD. The message was a recording of a tape made by a man who claimed to be Jesus. The message was a surprise to many, as it was believed that Jesus had died in 33 AD. The message was a recording of a tape made by a man who claimed to be Jesus.

## U.S. Gird for Conflict

The other side of the coin is the possibility of a new arms race. The United States is girding for a potential conflict with the Soviet Union. The arms race is a major concern for many Americans. The United States is girding for a potential conflict with the Soviet Union. The arms race is a major concern for many Americans.

## en Sacramento

The Sacramento area is experiencing a period of economic growth. The area is attracting new businesses and investment. The Sacramento area is experiencing a period of economic growth. The area is attracting new businesses and investment.

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# Meet the status symbol with a mind of its own.

Semi-conductor technology is repeatedly referred to as the heart of the third industrial revolution. And in the motor industry it is also helping to set new standards in technological development. For instance, micro-electronics are creating more intelligent cars, which can meet the demands of the future with confidence. And the large BMW is the most compelling example of the progress.

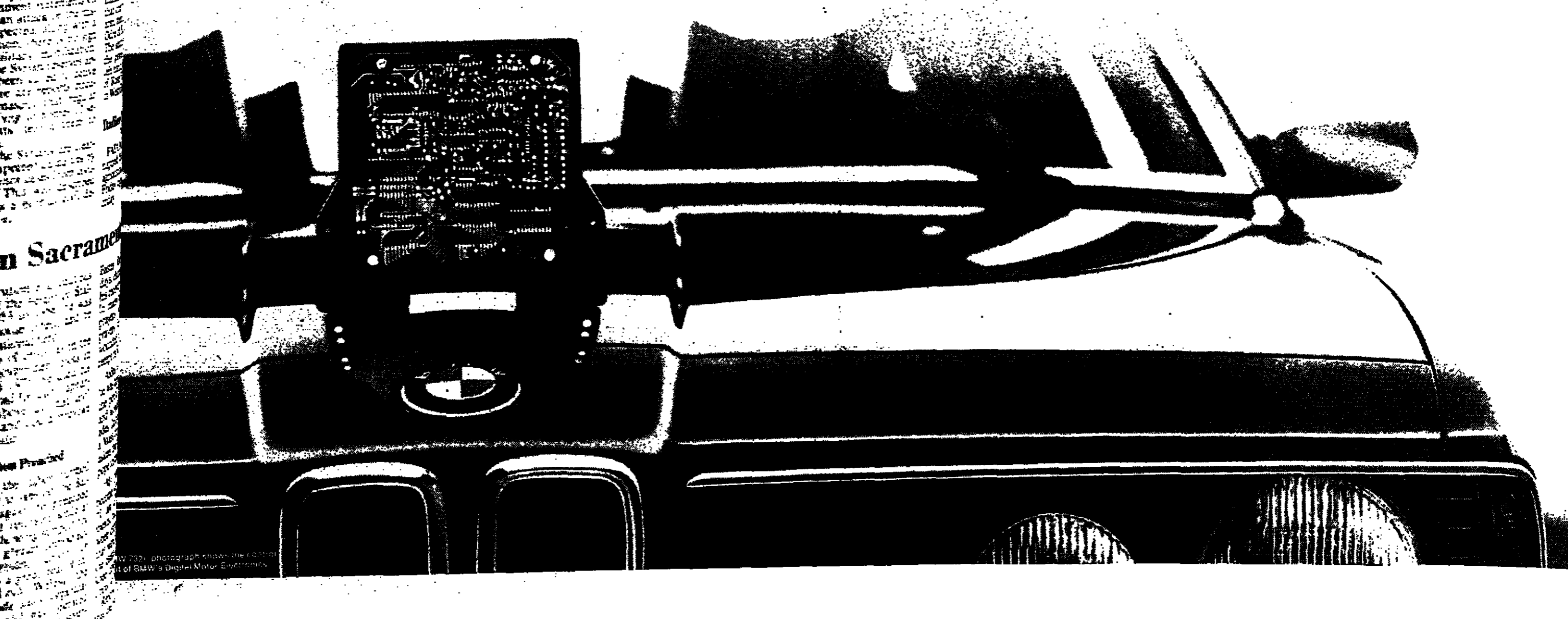
- Make progress your symbol. Digital Motor Electronics - first introduced by BMW, optimises engine performance and fuel consumption on the BMW 732L.
- Check control - an electronic system for continuous checks on driving safety, standard on the BMW 732L.
- Anti-lock braking - the electronic safety system, standard on the BMW 745i.
- On-board computer - a complete information and data centre, standard on the BMW 745i.
- Electronic fuel injection - more efficient than

mechanical injection or carburettors, it's standard on all the large BMWs. Electronic self-levelling - a guarantee for ideal handling and driving characteristics irrespective of the load, standard on the BMW 745i. These few examples demonstrate just how intensively BMW applies electronics to make automotive technology more efficient and effective. They also provide a timely illustration of what little use other cars, even very expensive models, make of this most modern of technologies. Within the 7-Series, standard equipment may vary from country to country, and model to model.

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BMW AG, Munich



BMW 732L, photograph showing the interior of BMW's Digital Motor Electronics.



# Pot Forces Step Up Attacks Vietnamese as Rains Begin

By James Kamm  
New York Times Service

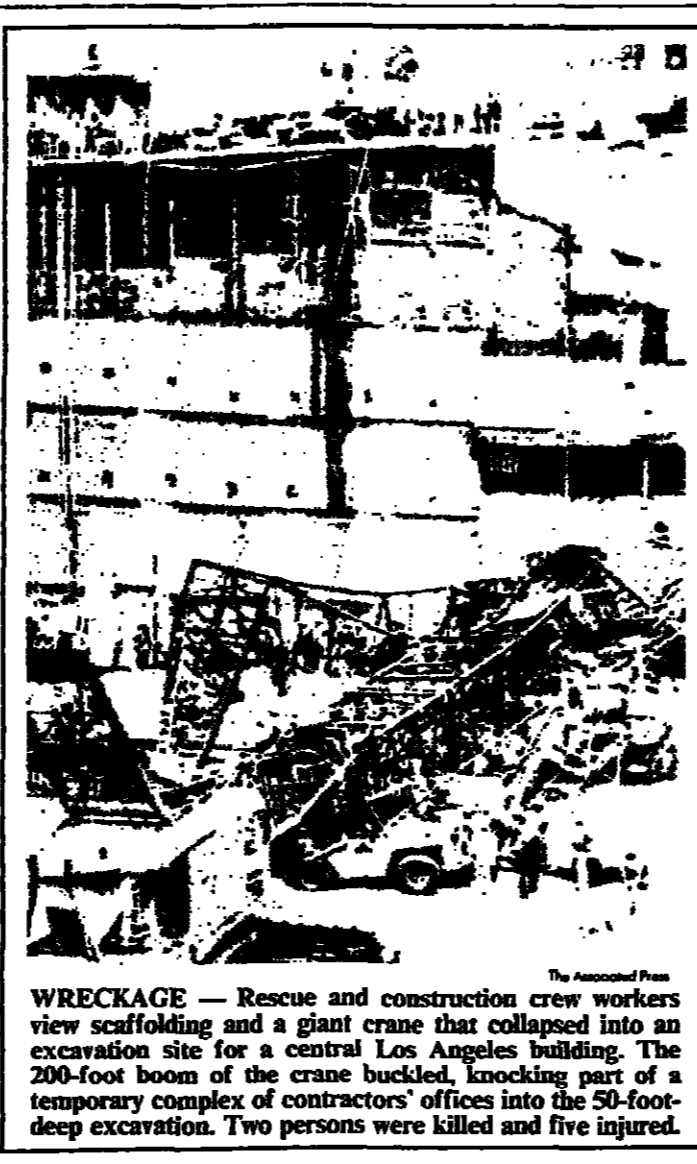
HENRY KAMM  
OK - Western military analysts report the present onset of the rains, Vietnamese troops are withdrawing from border regions, particularly along the border, to positions near supply bases.

**International Food Aid**  
A diplomat reported an estimate, presumably based in intelligence findings, that this herd of Pol Pot strength has a population of 60,000 to 80,000 men, women and children. The total strength of the Khmer Rouge armed forces, which also control much of the largely unpopulated northern border with Thailand, is estimated at 30,000 to 40,000.

**Ambushes Are Frequent**  
Military analysts reported that the Pol Pot troops were stepping up their spoiling activities against the Vietnamese, whose strength was estimated at 150,000 to 200,000. The Pol Pot forces were said to be inflicting "significant casualties" on the Vietnamese, with the expected effect on Vietnamese morale, according to deserters turned over to the Thai military.

**Republicans Worry About Cuts Social Security Proposed by Reagan**  
David S. Broder  
The Republicans rallied behind the president, up to a point. The resolution said the fiscal problems now facing Social Security are a result of "the abysmal neglect of past Democratic-dominated Congresses, which have accelerated the benefits far beyond the ability of the system to pay for them."

**Reagan Backed**  
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WRECKAGE — Rescue and construction crew workers view scaffolding and a giant crane that collapsed into an excavation site for a central Los Angeles building. The 200-foot boom of the crane buckled, knocking part of a temporary complex of contractors' offices into the 50-foot-deep excavation. Two persons were killed and five injured.

# Talks Resume in Dispute Over Assam Immigration

NEW DELHI — Negotiations aimed at ending prolonged anti-immigrant agitation in the northeastern state of Assam ran into difficulties when protest leaders issued a statement criticizing the government for its "adamant and rigid attitude."

**Reagan Gives Rogers Extension in Europe**  
WASHINGTON — President Reagan has approved a two-year extension for Gen. Bernard W. Rogers as commander-in-chief of U.S. forces in Europe. This means Gen. Rogers will also serve an extra two years as supreme allied commander.

# Assets of U.S. Supreme Court Justices Range From Stocks to Social Security

By Linda Greenhouse  
New York Times Service

WASHINGTON — The nine members of the Supreme Court include three millionaires, at least one recipient of Social Security, and one justice who has no investments and no outside income at all.

**Reckoning Inexact**  
By this inexact reckoning, Associate Justice Lewis F. Powell, the wealthiest member of the court, has assets valued at from \$2.7 million to more than \$4.8 million.

**No Investments**  
Justice Blackmun also indicated that he is a member of the Cosmos Club, a well-known Washington social club that excludes women from membership.

**Pacific Islanders Escape Eruption**  
AGANA, Guam — Residents of a small Pacific island said that they survived the molten lava and choking gases of a volcanic eruption by hiding in bat-filled caves.

**Belgian Cabinet Agrees on Plan To Aid Economy**  
BRUSSELS — Belgium's 5-week-old coalition government has reached agreement on an economic recovery program after a week of bargaining that brought it near collapse.

**163 Reported Killed In Lava Flow in Java**  
JAKARTA — Sixty-nine more bodies were found at scattered places in villages on the eastern and southern sides of Semeru mountain in east Java following the smoldering flow of lava last Thursday, bringing the death toll to 163, the district chief of Tanduro said.



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## SENIOR EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

TITLE	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
COMPETITIVE		Bells Super Motors Int'l.	Lynbrook, New Jersey	Min. 18 yrs. commercial exp. grad. deg. grad. creative analytical skills.	William A. Regolin, Bells Super Motors Int'l, P.O. Box 475, Lynbrook, New Jersey 07452.	Wall Street Journal 5-5-81
COMPETITIVE		The Morgan Bank (Int'l Economics Dept.)	New York City	Grad. deg. pref. M.A. Ph.D. 3-5 yrs. + of work exp. with financial instit., multinational corp., etc.; Eng. +.	William H. Sotterstrom, Morgan Guaranty Bank, 22 Wall St., New York, N.Y. 10015.	Wall Street Journal 5-5-81
APPROPRIATE TO INDUSTRY		Sociedad Espanola de Surveillance	Geneva, Switzerland	High School or Univ. level; several yrs. exp. as accountant or controller; Eng., Fr., + knowl. Span.; Swiss or parent.	Sociedad Espanola de Surveillance S.A., Personnel Division, 1 Place des Alpes, 1201 Geneva.	L.H.T. 7-5-81.
HIGH		Int'l Community Trading Co.	Lagos, Nigeria	Exp. in banking & investment circles, & extensive contacts; Eng., Fr., Gov.	F. 10-115193, Publicitas, CH-1211 Geneva 3	L.H.T. 7-5-81.
HIGH		Int'l Community Trading Co.	Lagos, Nigeria	Min. 5 yrs. exp. in similar community trading co.; 35-45.	P.O. Box 311, CH-1211 Geneva 11.	L.H.T. 7-5-81.
FROM A\$50,000		Australian natural resources development.	Australia	Top flight engineering manager; recent of success. & awards; previous relevant exp. + appropriate deg.; 45.	Prof. STUBS/INT, PA Australia, 718 Newborough Ave., Canberra ACT 2601, Australia.	L.H.T. 7-5-81.
\$325,000		Subsidiary of a large American Service co.	Small Arabia	Acc. Accountant; min. 12 yrs. exp. exp. exp. with int'l exp. from as a tax manager.	Mr. S. Wood, Tel. DC 062, SPW Recruitment, 604 Bartfield Road, Southford, Ct. Athens, N.H.; Tel.: 53768.	Financial Times 7-5-81.
\$271,000		Subsidiary of large American Service co.	Small Arabia	Acc. Accountant; min. 12 yrs. exp. exp. exp. with int'l exp. from as a tax manager.	Mr. S. Wood, Tel. DC 062, SPW Recruitment, 604 Bartfield Road, Southford, Ct. Athens, N.H.; Tel.: 53768.	Financial Times 7-5-81.
ATTRACTIVE		Soft contact lens industry.	London	Pharmaceutical/ophthalmic dept. pref. exp. experience.	Box No. 633194, International Herald Tribune, 183 Kingsway, London WC2.	L.H.T. 9-5-81.
CONSTRUCTION DIVISION OF PROCESSING CO.		Construction division of Processing Co.	Small Arabia & Nigeria	Very high prof.; engineering exp. with knowl. in administrative functions.	Mr. Michel Procaccia, 183 Kingsway, London WC2 2J.	L.H.T. 9-5-81.
OFFICIAL INVESTMENT INSTITUTION		Official investment institution.	Middle East	Particular expertise; exp. in major int'l markets; knowl. of European, foreign exp.; non-residence; real estate, etc.	Box 633191, International Herald Tribune, 183 Kingsway, London WC2.	L.H.T. 9-5-81.
INT'L CO. (BUILDING, INDUSTRIAL & PROCESS ENGINEERING SERVICES)	HK\$300,000	Int'l co. (Building, Industrial & Process Engineering Services)	Hong Kong	Track record that demonstrates profit contribution by a top engineering/contracting & project mgmt.	Mr. A.A. 374, Robert Marshall Advertising Ltd, 44 Wellington St., London WC2E7RN.	Sunday Times 18-5-81.
ALPHA MICRO COMPUTER		Alpha Micro Computer.		Exp. computer professional; sales mgmt. exp.; Eng. + 2 Eur. lang.	The Alpha Micro Computer, Alpha House, 19-27 Brunswick Place, London N1 6EQ.	L.H.T. 12-5-81.
HIGH COMPETITIVE		Major American consumer products.	Yanis	5-7 yrs. exp. in marketing. Mgr. factory admin., previous ability to operate effectively; Fr., Eng.	Harold Tribune, Ext. ISB, 25 Pindarus St., Athens, Greece.	L.H.T. 12-5-81.

# Sri Lankan President Pressed on Economy

By Stuart Auerbach  
Washington Post Service

COLOMBO, Sri Lanka — The long line of sleek new motorcycles parked under a shed illustrates the plus side of Sri Lanka's abrupt about-face 3½ years ago from a controlled economy under a policy of state Socialism to unbridled free-enterprise capitalism.

But the rush to capitalism after the 1977 election victory of Junius R. Jayawardene has produced unpleasant side effects, including an inflation rate nearing 40 percent, which threatens the goal of quick industrial development using prosperous Singapore as the economic model.

Besides inflation, power shortages caused by the sudden influx of consumer appliances such as television sets, air conditioners and electric stoves are hampering industrialization.

Despite 5½ hours a day of scheduled power cuts, the Ceylon Electricity Board estimates that Sri Lanka's hydroelectric power generating capacity is rapidly diminishing, and the monsoon rains that will refill reservoirs to allow more power generation are still at least a week away.

Yet inflation remains the major problem of President Jayawardene's government, which is trying to lure industry with the promise of liberate laborers working for \$1 a day.

Costs fueled by an increasing bill for imported oil and the inflationary pressure of industrial development that some critics label "too much, too fast" hit hard on the marginal village economy. While the costs of such basic needs as public transportation, fish and wheat have gone up, wages have remained low.

Nevertheless, Mr. Jayawardene's government appears to have maintained the popular support that gave it an unprecedented — for Sri Lanka, which has a tradition of close elections — 51 percent of the vote in 1977.

Part of the continued support for Mr. Jayawardene's United National Party rests with the inability of the splintered opposition to make political capital out of the worsening inflation.

The major opposition group, former Prime Minister Sirimavo Bandaranaike's Sri Lanka Freedom Party, has not recovered from its 1977 defeat and Mr. Jayawardene's subsequent stripping of its leader's civil rights and the right to take part in politics because of what Mr. Jayawardene called irregularities during Mrs. Bandaranaike's seven-year rule.

While opposition disharmony

has given Mr. Jayawardene a respite, his government is under pressure to score quick economic gains, including reduced inflation and increased employment, before the next national election in 1983.

At the start of Mr. Jayawardene's rule it appeared that Sri Lanka was headed for quick economic prosperity. After decades of a slumbering economy, in which 90 percent of government spending went for welfare programs and hardly anything for development, economic growth soared in 1978 to 8.2 percent, more than twice the growth rate of the previous two years.

But the quick acceleration stalled. The growth rate in 1979 dropped to 6.3 percent and is estimated to have gone to 5.6 percent last year.

Furthermore, the agricultural sector slumped in its most important export crops — tea, rubber and coconut.

Mr. Jayawardene is pinning hopes for economic growth on a 500-acre free-trade zone near Colombo's airport, established to lure industries to make products for export on the basis of Sri Lanka's cheap labor.

So far, 24 companies employing almost 11,000 people have started operations in the zone, and 40 others have signed contracts to open factories. Most of the factories are for labor-intensive industries, such as shoe or clothing manufacturing. In all, the zone is expected to add 35,000 jobs to the economy.

The post of chairman of the People's Republic was abolished during the Cultural Revolution, which began in the mid-1960s. The position was the country's closest equivalent to a presidency.

The office had been held by only two persons, Mao and Liu Shaohqi, who was severely criticized during the Cultural Revolution and was removed from office.

The honor paid to Miss Soong was conferred by the standing committee of the National People's Congress, China's parliament, of which she is a vice chairman. She is afflicted by coronary disease and leukemia, and a bulletin on her health Friday said her condition had deteriorated suddenly.

**Australians Prefer Republic, Poll Finds**  
United Press International

SYDNEY — Nearly two-thirds of the Australians polled by the Sunday Telegraph said they wanted the country to become a republic, the paper reported. It said it ran the poll because Prince Charles' biographer, Anthony Holden, asserted recently that most Australians would like the prince to forget any idea of becoming governor-general.

Some of the overflow from the



Soong Ching-ling  
**Chinese Honor Ailing Widow Of Sun Yat-sen**

PEKING — China has bestowed its highest state honor on Soong Ching-ling, the widow of Sun Yat-sen, founder of the Chinese republic. She was reported to be critically ill after a coronary attack.

An official announcement on Saturday said that Miss Soong, who is about 90, had been appointed honorary chairman of the People's Republic. Her husband led the revolution of 1911, which overthrew the last of the Chinese emperors.

The trouble started last month. "We saw a helicopter flying up to the nuclear power plant," said Mrs. Soong. "Then we knew something was wrong."

**High Radioactivity**

Local authorities, making a monthly radioactivity check on seaweed in the shallow bay — seaweed picks up radioactivity like a sponge — found 10 times the normal reading.

The investigators moved to an outlet from the plant, which is located in the mountains back from the bay, and checked the mud. The radioactive count was shatteringly high.

There was no doubt that a leak had occurred at the plant. Its operators, the Japan Atomic Power Co., acknowledged that there had been a major spill on March 8.

About 40 tons — plant officials later said 15 tons — of sludge flooded out from a filter tank after an operator mishandled controls. The mess went undetected for many hours and took weeks to mop up. It was the worst known spillage of its kind in Japan.

**No Real Damage**

Since then the company has confirmed that there was still another unreported spill of radioactive waste from its Tsuruga facility — on Jan. 10, 1975. The company said that the spill involved 13 tons of radioactive material and that 37 workers were exposed to the radioactivity during a 12-day cleanup period. The Ministry of International Trade and Industry said it had learned of the 1975 accident during its inquiry into other spills.

# Spill Area Residents Hold Key to Japan's Atomic Future

By Henry Scott Stokes  
New York Times Service

URAZOKO, Japan — There is a haiku by the 17th-century poet Basho about this remote inlet: "Yes, lonely, more remote than Suma, this beach in autumn."

The poet referred to Suma, a traditional place of exile, and he found Urazoko to be a still more melancholy, but beautiful, spot.

Now there is a nuclear power station around the corner of the bay. There is a road around the coast, constructed since the Tsuruga power station was built 10 years ago, that runs past the white beaches that Basho admired. And Urazoko, a hamlet with fewer than 100 people, according to the local policeman, attracts visitors in the summer. But this year no visitors are expected.

"Why no one comes here?" asked Mitsue Sone, an elderly woman sunning herself on a jetty. "Are we all right?" Her question reflected a doubt about the crystalline water below the jetty. The water is now mildly radioactive, and there are no visitors.

The trouble started last month. "We saw a helicopter flying up to the nuclear power plant," said Mrs. Soong. "Then we knew something was wrong."

Local authorities, making a monthly radioactivity check on seaweed in the shallow bay — seaweed picks up radioactivity like a sponge — found 10 times the normal reading.

The investigators moved to an outlet from the plant, which is located in the mountains back from the bay, and checked the mud. The radioactive count was shatteringly high.

There was no doubt that a leak had occurred at the plant. Its operators, the Japan Atomic Power Co., acknowledged that there had been a major spill on March 8.

About 40 tons — plant officials later said 15 tons — of sludge flooded out from a filter tank after an operator mishandled controls. The mess went undetected for many hours and took weeks to mop up. It was the worst known spillage of its kind in Japan.

**No Real Damage**

Since then the company has confirmed that there was still another unreported spill of radioactive waste from its Tsuruga facility — on Jan. 10, 1975. The company said that the spill involved 13 tons of radioactive material and that 37 workers were exposed to the radioactivity during a 12-day cleanup period. The Ministry of International Trade and Industry said it had learned of the 1975 accident during its inquiry into other spills.

March 8 spill went into the bay. The authorities asserted that it was only a cubic meter, but probably no one knows exactly how much was involved. Either way, the danger to anyone outside is minimal, according to experts in Tokyo.

"There was no real damage," according to Kazuhisa Mori, an authority on nuclear energy. The workers who cleaned up the spill with cloths and buckets apparently suffered no overexposure to radioactivity, contrary to first reports.

But local people are not sure. "How do we know what the effect of 15 tons in the bay is?" asked one of half a dozen customers at a coffee bar in Tsuruga, several miles across the bay.

Tsuruga, like Urazoko, benefited greatly from the presence of the plant. Money was injected into a region that had been impoverished for hundreds of years. Schools were built, roads were constructed, and places that had never been linked, except by boat, were opened to the outside world.

Normally in the summer, as visitors drift back, Mrs. Sone has customers at her shop for her delicacy — squid on sticks. The 13 families in Urazoko operate *minshuku*, or cheap boarding homes, for fishermen.

In the past the company could easily placate local residents. The latest spill was the 30th mishap at the plant in 10 years, and each time the Japan Atomic Power Co. bought back its good will with cash contributions.

**Indictment Urged**

"Yes, to the town, to local villages, where they poured out sums like 10 million yen [\$45,000] at a time, [the money was] a fortune for those tiny communities," said the Rev. Susumu Uno, a local priest.

But that approach did not work this time. Tomichiro Shirasawa, chairman of the Japan Atomic Power Co., and Shunichi Suzuki, the company's president, have resigned over the botched cover-up.

And a movement of 45,000 citizens has urged public prosecutors to indict the company because it failed to report four other spillages this year, as required by law. Under Japanese law, it is up to the prosecutors to decide whether they will take up the case. The com-

pany is said to be the first in the history of the nuclear power industry here.

Even if the company is found guilty of failing to report its mistakes, the penalty would be only \$136. What counts in the long run is the public's attitude. The underlying issue is whether the Japan Atomic Power Co. and the government will get local approval to build two more power stations near Urazoko.

Thus Tsuruga residents hold the key to Japan's future nuclear plans. The industrial port of 63,000 situated 50 miles (80 kilometers) northeast of Kyoto is the hub of local life. "We have to have electricity," a resident said. "But it's good to have people who are against nuclear power. That makes for safety."

Mayor Koichi Takagi agreed. "This incident is a good thing," he said. "It means the power company stops and checks all it does."

**More Handouts Expected**

What he did not say, but what he meant, according to Takao Sugiyama, a reporter who has followed the affair, is that the town

expects more handouts from officials and from the company, as compensation and partly to cure cooperation on the plants.

The region is deeply conservative, far from major population centers, and needs the money. Cement plant at Tsuruga, a teleplant and Japan Atomic Power Co. are the major employers, with the nuclear industry; the region's young people find little incentive to stay in the area.

That is why approval for nuclear plants was obtained in making Fukushima prefecture, on the smallest and poorest region of Japan with a population of 770,000, the center of Japanese clear energy.

Japan generates 12 percent electricity from 22 nuclear plants and there are plans to triple it by 1990. The unanswered question after the Urazoko spill whether opposition to nuclear power will increase. The test will come a year or more now, when officials move to get local approval for a second plant.

Two physicists at the Livermore Laboratory, Dr. William L. and Dr. Edgar Mendelsohn, circulated an analysis in which they conclude that the neutrons after the Urazoko spill were far less than had been believed. On the other hand, gamma rays striking those 2 kilometers, or 1.2 miles, from ground zero, they believe, were times more intense than supposed.

Assuming gamma rays and neutrons are the same, the impact of neutrons on a hazard, Dr. Radford said, is that cancer risks for those exposed to low levels of such radiation are four times greater than that shown in the BEIR III report. For men, he said, the risk would be double.

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While the effects of very low levels of radiation on a population are too subtle to be observable, they have been inferred from the response of those survivors in Hiroshima and Nagasaki exposed to various levels of radiation.

Because of the special design of the Hiroshima bomb, which was different from the one that fell on Nagasaki, it has been assumed that the Hiroshima bomb showered the city with neutrons.

**India Sends Warships To Disputed Island**  
The Associated Press

NEW DELHI — India has deployed battleships in the vicinity of a newly emerged island in the Bay of Bengal to "counter the provocative presence of three large Bangladesh patrol craft in the region," an Indian government spokesman said.

The 12-square-kilometer (4.8-square-mile) island, variously known as "New Moore," "Purbasha" and "South Tulpatty," is claimed by India and Bangladesh. It is located in the estuary of the rivers Hariabanga and Raimangal.

Several specialists believe that, if validated, the new estimates mean that exposures to low levels of the most commonly encountered forms of radiation are two to three times more likely to produce cancer than previously believed. Other specialists, however, are skeptical.

The new estimates, based on studies by two scientists at the Lawrence Livermore National Laboratory in California, are to be discussed at a meeting of the Radiation Research Society in Minneapolis on May 31. Specialists in several laboratories said Friday that they were reserving judgment on the findings until that meeting.

# Studies Reassess Cancer Risk in Low-Level Radiation

By Walter Sullivan  
New York Times Service

NEW YORK — Revised estimates of the radiation doses received by the people of Hiroshima and Nagasaki in Japan as a result of the atomic bombings in 1945 have raised some doubts concerning the most recent assessments of low-level radiation effects.

Several specialists believe that, if validated, the new estimates mean that exposures to low levels of the most commonly encountered forms of radiation are two to three times more likely to produce cancer than previously believed. Other specialists, however, are skeptical.

The new estimates, based on studies by two scientists at the Lawrence Livermore National Laboratory in California, are to be discussed at a meeting of the Radiation Research Society in Minneapolis on May 31. Specialists in several laboratories said Friday that they were reserving judgment on the findings until that meeting.

At issue are the relative dose levels of neutrons and gamma rays received by Hiroshima and Nagasaki residents, chiefly those between half a mile and a mile from ground zero — the point directly below the atomic explosion. It has been assumed that many of the cancers suffered later at Hiroshima were caused by exposure to fast neutrons, a relatively rare form of exposure, rather than gamma rays.

Council on Biological Effects of Ionizing Radiation, the BEIR committee, issued BEIR III, its third assessment of risks from low-level radiation. At the time, two of 23 members dissented.

One dissenter was its chairman, Dr. Edward P. Radford, head of the epidemiology department at the University of Pittsburgh. He felt that the risks had been underestimated, particularly at very low levels of exposure. Reached Friday in Mexico, Dr. Radford said that in view of the new findings, the basis of the committee's estimates "has collapsed."

The other dissenter, Dr. Harold H. Rossi of Columbia University's Radiological Research Laboratory, considered the risks overestimated by BEIR III. He conceded Friday that the estimates of cancer incidence at very low exposure levels would have to be revised upward "somewhat" if the new analysis of Hiroshima effects proved correct, but he said he was doubtful that it would.

While the effects of very low levels of radiation on a population are too subtle to be observable, they have been inferred from the response of those survivors in Hiroshima and Nagasaki exposed to various levels of radiation.

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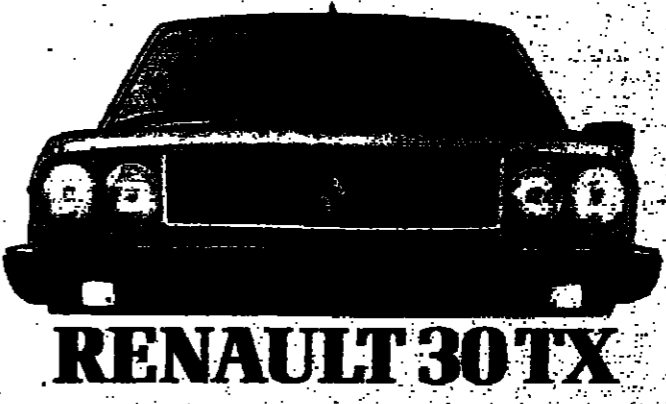
As the Renault 30TX moves into a peaceful adagio, the 6 cylinders establish the theme in V, which is played with quiet legato. A pastoral interlude follows, in which long poetic passages are interspersed by bursts of allegro, interpreted with brio by the 6 cylinders.

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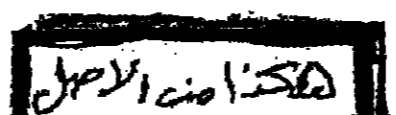
agility and staying power.

The extraordinary verve of the work is revealed in this sustained prestissimo, in which the sound paradoxically stays continuously below mezzoforte level.

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مكازم الأهل

# Asks South Africa for Commitment Help Bring Namibia to Independence

**Yuan de Onis**  
 A senior administration official says the U.S. has asked South Africa for a "statement of commitment" to help bring Namibia to independence. The official said Saturday that the U.S. is "not prepared to support a plan that would move ahead with the plan, saying the United Nations, under the influence of black African countries, is biased."

The State Department official, who asked to remain anonymous, said Mr. Haig had told Mr. Botha that the Reagan administration wanted to serve as a "broker" to end the deadlock, but needed to know soon whether South Africa was willing to cooperate.

Mr. Botha was expected to place the U.S. proposals before the South African Cabinet when he returns to Pretoria.

The U.S. official said the administration was hoping South Africa would commit itself to cooperate in a new start on the UN plan. He said the United States would also like to see the South Africans make "a definitive statement of their core concerns" about a Namibian settlement.

## Ali Shayegan, Opponent of Shah, Is Dead

**New York Times Service**  
 NEW YORK — Ali Shayegan, 79, an opponent of Shah Mohammed Reza Pahlavi who went into political exile in the United States in 1958, died last Monday in Westwood, N.J., after a stroke.

Mr. Shayegan was a member of parliament and a close aide to Premier Mohammed Mossadegh, who was overthrown by army officers loyal to the shah in 1953. He organized the Iranian National Front in Exile in New York in the late 1950s.

He occasionally taught courses in Iranian history and culture at the New School for Social Research in New York and at Fairleigh Dickinson University in Rutherford, N.J.

After the shah fled Iran in early 1979 and Ayatollah Ruhollah Khomeini came to power, Mr. Shayegan returned to Tehran. There were reports that he was being considered as provisional president, but he told friends he had declined a government position. His health began to deteriorate and he returned to his home in River Edge, N.J., in September, 1979.

## Shuttle Scheduled to Fly Sept. 30

**New York Times Service**  
 A shuttle scheduled to fly Sept. 30, providing a link between the United States and the Soviet Union, is being tested at the Space Center in Florida, a shuttle official said Saturday.

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**Ernie Freeman**  
 LOS ANGELES (UPI) — Ernie Freeman, 58, a composer and conductor whose musical arrangement of Frank Sinatra's "Strangers in the Night" won him a Grammy award in 1966, died here Friday of an apparent heart attack.

**Clayton Ewing**  
 NEW YORK (NYT) — Clayton Ewing, 71, a former commodore of the New York Yacht Club and a leading figure in yacht racing, died of a heart attack Thursday in Easton, Md.

**Lack of Trust**  
 Repeating a view that South Africa has been expressing for nearly a year, Mr. Botha said in Washington that a UN military force could not be trusted to control the guerrillas of the South-West Africa People's Organization. He said the guerrillas would be free to affect the result of elections if South Africa withdrew its estimated 30,000 troops from the territory.

The U.S. official said that the composition of the UN force, which would be about 7,500 men, was a subject calling for "a lot of homework." But he stated without reservation that the Reagan administration viewed the Security Council resolution on Namibia as the cornerstone for an "internationally recognized, independent Namibia."

The makeup of the peace force is expected to be one of the major issues discussed in the next round of talks by the five Western nations trying to implement the UN resolution.

The United States, West Germany, Britain, France and Canada are to resume talks in Washington this week with the Front-line African nations supporting Namibian independence — Angola, Botswana, Tanzania, Zambia and Zimbabwe — and Nigeria, black Africa's economic giant.

The U.S. official said the administration's efforts to "rekindle" the Namibian negotiations included proposals about constitutional guarantees for the white minority and ethnic groups in the territory. The guarantees would be discussed by political and tribal leaders before an election were held.

The official emphasized that any decision by South Africa to hand over control of the territory to the "internal parties" it supports, without an internationally supervised election, would be opposed by the United States.

He said the transfer of control to a group such as the Democratic Turnhalle Alliance, led by Dirk Mudge, a white farmer, would "undermine the possibilities of security and development of southern Africa."



**FLYING HIGH** — Janice Brown, a schoolteacher, yaws to clear her ears after soaring 11,500 feet above the Shafter, Calif., airport in the world's only solar-powered aircraft, the Solar Challenger. The craft flew for more than 6 hours on a test run for a proposed London-Paris flight.

## Nepal Premier's Backers Fare Poorly in Elections

**The Associated Press**  
 KATMANDU, Nepal — With returns still incomplete a week after nationwide parliamentary elections, 93 candidates have won seats in Nepal's 140-member National Assembly.

Of the winners, only 35 are followers of Premier Surya Bahadur Thapa.

Asked whether the vote dimmed his chances of serving as premier for another five-year term, Mr. Thapa said the question of party backing does not arise under Nepal's panchayat system.

According to the country's recently amended constitution, the National Assembly chooses a premier by a 60-percent majority.

Apart from the 112 elected members, 28 are appointed by the king, and Mr. Thapa is hoping for their support, an aide said.

Vote counting was still under way Sunday in 10 of Nepal's 75 districts, with results in 19 races still unknown.

Although the counting of the approximately 4 million ballots cast began May 10, a day after the polls closed, communication in this Himalayan kingdom is so poor that final returns are not expected to reach Katmandu for another few days, an election commission official said.

Recounts were under way in some districts, and Supreme Court Justice D.B. Singh was appointed to rule on election complaints.

Several defeated candidates in the Katmandu district alleged that some ballot boxes in their constituency contained more votes than were declared cast and that the seals of two boxes were broken.

The Nepalese news agency reported that 15 persons were sentenced to two months in jail and fined about \$20 each for conducting "anti-election activities" in Tadi, about 125 miles (200 kilometers) southeast of Katmandu. Fifty others received four-day terms for obstructing the "peaceful conduct of the polling."

All but two members of Mr. Thapa's council of ministers were re-elected to the National Assembly.

None of the 39 contestants fielded by the Nepal Communist Party, which is pro-Moscow, was elected. Since the party is outlawed, they were on the ballot as independents.

# Russians Reshape Afghan Institutions In Bid to Create a Permanent Satellite

**By Tyler Marshall**  
 Los Angeles Times Service  
 NEW DELHI — Soviet authorities are making fundamental changes in Afghanistan that are aimed at transforming the country into a permanent client state.

Many observers think these changes are a greater threat to Afghanistan's long-term prospects of regaining independence than the presence of the Soviet troops.

Because so few Westerners are permitted into Afghanistan, it is difficult to assess accurately the pace and depth of this process. But judging from government pronouncements and information provided by people who have fled the country in recent months, rapid and complete "Sovietization" appears to be a fundamental objective of the Russians.

Predictably, one of the first targets was the Afghan political structure, which is now said to be virtually a mirror image of the Soviet model.

According to Rejendra Sareen, a respected regional specialist who recently returned to India from Kabul, the Revolutionary Council of Afghanistan's ruling People's Democratic Party is modeled after the Supreme Soviet, and the Afghan Council of Ministers, President, Party Central Committee and Politburo are nearly identical to their Soviet counterparts.

Party and state bureaucracies alike have taken on the Soviet form, Mr. Sareen said, as have organizations such as the Democratic Organization of Afghan Youth and the Kabul Pioneers. One of the greatest Soviet efforts, he said, seems to be in youth development, an area that Moscow clearly recognizes as essential to shaping the attitudes of Afghanistan's next adult generation.

During the past 18 months, large numbers of educated Afghan young people, mainly males in their late teens or early 20s, have been sent to the Soviet Union for advanced education. According to political analysts familiar with the program, most have gone to schools in the Central Asian republics.

"In three to four years, they'll start coming back, and then the investment will begin to pay off," Mr. Sareen said. "They will become the hard core of young people that the (People's Democratic Party) presently lacks."

**Molding Curricula**  
 At Afghan schools the curricula are being altered to fit the Soviet mold. Fundamental changes in primary and secondary education announced last autumn will require three years to complete, but the

first four grades were reorganized this spring.

According to teachers who have left Kabul in recent months, the goal is to instill Marxist values from the beginning of a student's educational experience.

A former teacher of 7 and 8-year-olds at Kabul's Malalay primary school said that instead of local history, she had to teach her children about student-worker-peasant solidarity.

To ensure that the revolutionary message is taught with proper enthusiasm, the government reportedly gave teachers an ultimatum in February: Join the party or be dismissed. A number of teachers left the country rather than comply.

At Kabul University, engineering and medical students have protested changes in their course structure, which now includes such requirements as "Theory of the Working Class."

According to recently arrived refugees, attempts last month to bring in Russians to lecture at the medical school triggered violence and an eventual government retreat on the issue.

But education is only one area where Sovietization is in progress. Technical assistance, which prior to the Soviet intervention in December, 1979, came chiefly from the West, now comes increasingly from the Soviet Union and other East Bloc countries.

According to a diplomat, a Kabul medical researcher whose laboratory was built mainly with U.S. and Japanese equipment said he was told that any future needs would have to be met from the Soviet Union.

In fact, the government announced last month that there would soon be an agreement integrating Afghan health institutes with those in the neighboring Soviet republic of Tadzhikistan.

Protocols for the Soviet Union to operate power stations and irrigation projects, to build roads, expand airports and supervise planning are announced regularly over Kabul radio.

Former Afghan government officials living in New Delhi report that Soviet advisers have settled into key positions in the central government, and that although they tend to remain in the background, little is done without their approval.

Even the shrinking number of projects financed by the United Nations and other international

agencies have been brought into the Soviet purview by forcing out experts from Western countries.

"When your contract is up, the government just says it doesn't want to keep you on," a departed Westerner said.

Within a year of the Soviet intervention, the number of these international aid experts dwindled from about 120 to three. East Germany, Czechoslovakia, Bulgaria and the Soviet Union have taken up the slack.

The Afghans' view of the outside world is now shaped almost exclusively by the Soviet press. Foreign news printed in Kabul newspapers is usually provided by Tass or some other East Bloc agency.

**Russian Names**  
 A recent issue of the English-language Kabul New Times carried three long political commentaries written by men named Borisov, Boikov and Semyonov. The issue was said to be typical.

Even news of Afghanistan often comes from the Soviet Union. According to British Broadcasting Corp. monitors, about 60 percent of Kabul radio's broadcasts are beamed from transmitters in the Soviet Union.

Afghanistan's main economic lifeline, the Khyber Pass to southern Asia, has been supplanted by the Salang Pass leading to Soviet Tadzhikistan. A major construction project widening the Salang Pass highway symbolizes the new Soviet ties.

Under a series of trade agreements signed in the past six months, large quantities of Soviet consumer goods — motor vehicles, foodstuffs, fertilizers — will flow into Afghanistan. Afghanistan's electric power distribution grid will be tied into the Soviet grid.

The Russians appear to be taking special care to expose the Afghan leaders to Socialist experiences elsewhere. At one point this month, diplomats noted that eight top Afghan leaders were out of the country on visits to the Soviet Union, the East Bloc nations and Cuba.

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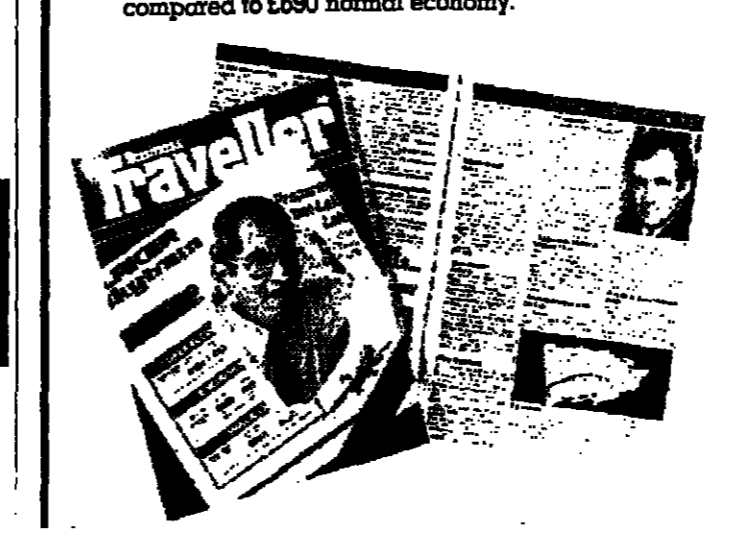
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International Bond Prices - Week of May 14

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Table of recent bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Avg Life.

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Table of straight bonds in various currencies, including Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

RECENT ISSUES (continued)

Continuation of recent bond issues table.

STRAIGHT BONDS (continued)

Continuation of straight bonds table.

RECENT ISSUES (continued)

Continuation of recent bond issues table.

STRAIGHT BONDS (continued)

Continuation of straight bonds table.

HIGHEST YIELDS to Average Life Below 5 Years

Table listing highest yields for bonds with average life below 5 years, including issuers like Citicorp, Deutsche Bank, and others.

HIGHEST YIELDS to Average Life Above 5 Years

Table listing highest yields for bonds with average life above 5 years.

HIGHEST CURRENT YIELDS

Table listing highest current yields for various bond issues.

HIGHEST YIELDS to Average Life Below 5 Years

Continuation of highest yields table for average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Continuation of highest yields table for average life above 5 years.

HIGHEST CURRENT YIELDS

Continuation of highest current yields table.

HIGHEST YIELDS to Average Life Below 5 Years

Continuation of highest yields table for average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Continuation of highest yields table for average life above 5 years.

HIGHEST CURRENT YIELDS

Continuation of highest current yields table.

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Washington Post Service
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Takashi Ishihara 'Collapse of free trade'

European Automakers Expected To Press Anti-Import Lobbying

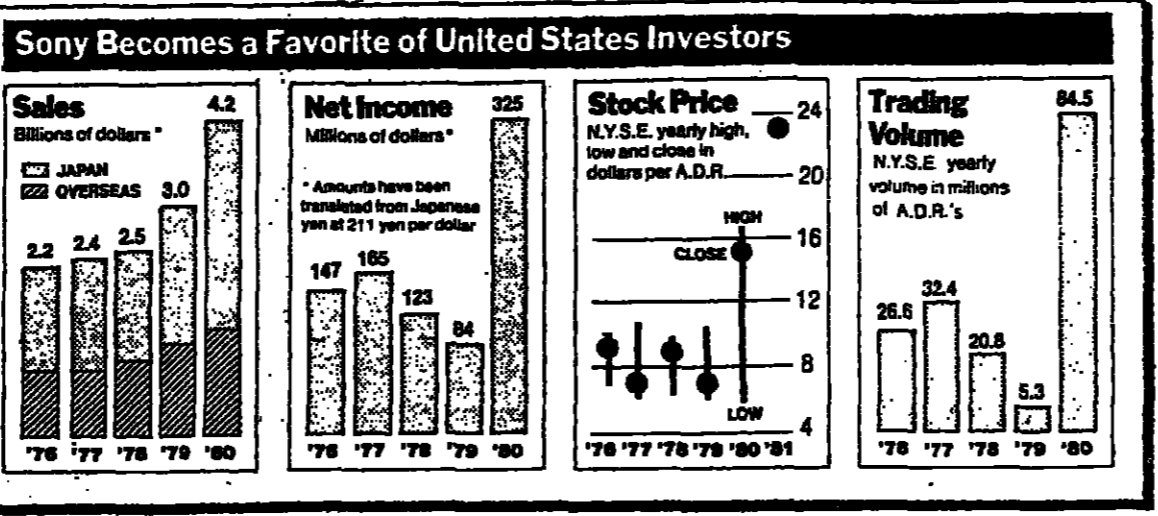
By Axel Krause
International Herald Tribune
PARIS — During the next few weeks, West European governments will face new and intense...

industry and import Japanese cars heavily but often have assembly operations, such as Belgium.
In equally blunt language, Takashi Ishihara, president of the...

not being so different from last year's level," he said.
During 1980, Japanese car registrations in the 10 EEC countries...

Regains Image as Glamour Stock among U.S. Investors

By Steve Lohr
New York Times Service
NEW YORK — Sony, whose stock was spurned by Americans through the late 1970s, has regained its once-image as a coveted issue.



Behind every glamour stock, there is, in Wall Street parlance, a concept — that is, a brief but appealing description of the company's position and its strategy.

Taken collectively, these developments represent the wholesale application of modern semiconductor technology to the consumer electronics field.

Other companies, too, are well positioned to reap the rewards of the anticipated boom in consumer electronics — especially another Japanese powerhouse, Matsushita Electric Industrial, still among Japanese companies, Sony is...

S. Money Supply Data Sparks Optimism

By Carl Gewirtz
International Herald Tribune
WASHINGTON — Bond markets marked a week, waiting for clues to the direction of short-term interest rates.

103% compared with 101% Thursday.
A large rise in money supply was widely predicted because of an early payment of monthly Social Security checks.

But by the third quarter, he says, GNP will be rising at almost a 2-percent annual rate, increasing in the final three months of the year at almost a 6-percent annual clip...

Mexico Seeking to Renew Bank Acceptance Facility

By Carl Gewirtz
International Herald Tribune
MEXICO — With the ink nowhere to be dried on its current \$1 billion facility, Mexico, already by a big margin the largest single borrower this year, is preparing to tap that again.

abes et Francaises is expected to be lead among the nations.
Leaders will have the option of pricing at a split 3/4-point over the London interbank rate or a split 1/4-point over the prime rate.

By contrast, "the stock market is the best leading indicator, having sharply a sharp reversal in economic performance during this quarter, with GNP declining at an annual rate of 2.2 percent...

CURRENCY RATES

Table with columns for Currency, Per U.S., and Dollar Values. Includes rates for Australia, Canada, France, Germany, etc.

Advertisement for CSWI INTERNATIONAL FINANCE N.V. featuring \$15,000,000 in 9% Convertible Subordinated Guaranteed Debentures Due 1996. Lists various international banks and financial institutions.

International Bond Prices - Week of May 14

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of international bond prices including columns for Am, Security, Yield, Price, and various bond identifiers. Includes sub-sections for CONVERTIBLE BONDS and ITALY.

Table of international bond prices continuing from the previous page, including columns for Am, Security, Yield, Price, and various bond identifiers.

Table titled 'Chicago Exchange Options' showing option prices for various securities, including columns for Option & Price, Close, and various option codes.

Advertisement for AUTOPISTA VASCO-ARAGONESA, CONCESSIONARIA ESPAÑOLA, S.A. in Madrid, Spain, offering floating rate bonds from 1981-1988/91.

Advertisement for EUROFINMA, a European company for financing of railway rolling stock, offering DM 50,000,000 in 10% bonds for 1981/1989.

# Reagan Plan Called Threat to Reactor Sales

From reloading or replacing part of the original core.

One of the large U.S. producers also claims that the turbine generator business in the United States has been depressed because other makers — the West Germans and Swiss primarily — have open access to the U.S. market with only a small duty to pay, but those same countries, and Japan, have in place an absolute ban on the purchase of U.S. turbine generators.

Mr. Reagan proposed a budget that would have required a cutback from President Carter's recommendation of \$5.5 billion in new direct loan authority money for fiscal 1981 to \$4.75 billion with a further drop to \$4.0 billion in 1982. The compromise Senate-House budget appears to have trimmed Mr. Reagan's figure back to an even \$5 billion, which in effect becomes the ceiling on new loans for this year.

The real crunch is obviously even more severe, according to the industry, because fiscal 1981 is about half over. In addition to direct loans, the Ex-Im Bank can make loan guarantees, or provide insurance to help make U.S. products competitive with foreign products, within the scope of an overall ceiling which is not yet in jeopardy.

In effect, the Ex-Im Bank lends money to overseas customers who then purchase American products. The money, supporters of a bigger Ex-Im role point out, never actually leaves the United States, and the foreign borrowers repay the Ex-Im bank with interest. The bank has earned a profit every year since it was begun in 1974.

**Unfair Practices Charged**

But the system works for U.S. companies only when some other government does not offer a better deal. Although the Carter administration complained that France pursues unfair subsidy practices, no agreement has been reached on uniform practices. New discussions along these lines began recently in Paris, but not much is expected to result from them. "The Reagan people sacrificed their clout," says a company lawyer, "when they cut the Ex-Im budget."

Until interest rates began to soar in the United States last year, Ex-Im rates apparently were just about competitive with those offered by other countries. But with the prime rate at 19.5 percent, U.S. companies despair of meeting the kind of terms offered by foreign governments, without more generous subsidies from the Ex-Im Bank.

A Westinghouse company memorandum alleges, for example, that in obtaining a recent contract for the sale of two nuclear plants to Korea Electric, a French firm had 85 percent of the price financed by the French government over a 22-year period at a 7.6-percent interest rate, inclusive of fees.

For such a deal, recent Ex-Im Bank guidelines would have provided for only 65-percent financing at an 8.75-percent interest rate, plus a 0.5 percent commitment fee on the undisbursed portion, the Westinghouse memorandum says. The additional 20 percent of the loan would have cost at least 13.75 percent to finance.

According to the Westinghouse calculation, when the differentials offered the Koreans are applied to a \$1 billion project, the interest cost-saving to the customer over a 22-year period amounts to \$199,750,000. In addition, sources say, France also offered its Korean customers certain fuel technology that the United States would not provide, in view of its effort to prevent the spread of bomb-grade nuclear materials.



Umberto Agnelli

## Auto Issue Heating Up

(Continued from Page 9)

official of the Common Market committee said.

The official, who declined to be identified, reported that in the first three months of 1981, registration of Japanese cars in the 14 European countries had risen 11 percent to 262,696, representing 10.5 percent of the market, compared to an 8.6-percent share held by Japan in the like year-earlier period.

"We have been playing cat and mouse with each other during this meeting, but I am optimistic — either we get a cut in Japanese exports voluntarily, or we get protective action, hopefully within a matter of weeks," he said.

However, European industry leaders quickly conceded that getting such agreements would prove extremely difficult. They noted that France and Italy already have tight restrictions on Japanese car imports; that Britain has an informal, voluntary-restraint agreement with Japan, while West Germany has regularly eschewed any form of protectionism.

"Several key European countries may not want to give up their positions, but growing unemployment may play a role," Mr. Agnelli said.

The immediate focal point of action will be the EEC Commission in Brussels, which is currently preparing for a meeting with Naohiro Amaya, Japan's foreign trade minister, which is tentatively scheduled for the last week of this month. The commission hopes to obtain a mandate from member governments to negotiate an agreement limiting Japan's EEC exports to last year's levels.

"We have never been adamant about a cut, but a standstill agreement — if we can get it — would be helpful," an EEC official said.

The issue appears certain to be raised again in coming weeks during visits to European capitals by Japanese Premier Zenko Suzuki and other Japanese officials.

# Money Data Sparks Optimism

(Continued from Page 9)

been right 75 percent of the time over the last 100 years.

It should be noted that by his own admission, Mr. Cox is the most optimistic of any forecasting service on the outlook for the rate of inflation. Other experts agree that the expected stability in oil prices will have a major influence on tempering the overall increase in prices, but they remain unconvinced that the rate of inflation can be cut as far as the administration and Mr. Cox are predicting.

And his forecast that interest rates having already peaked as output has slowed are not borne out by the continuing rise in industrial production, which the Fed reported on Thursday rose 0.4 percent in April.

Other economists argue that the high level of U.S. interest rates have only succeeded in raising the cost of doing business but have not had the desired effect of reducing the demand for money. The cost of borrowing money is expensive, but it is readily available, they complain.

What borrowing is taking place, however, is going on through the banks. The Eurobond market remains barely functional as most borrowers refuse to get locked into the fixed terms of a public issue at such exalted rates.

Only one fixed-rate dollar issue was sold last week, and that rather special. The Federal Business Development Bank of Canada sold \$40 million of three-year year notes.

But this was a "bought deal" with terms fixed in advance of public subscription: a coupon of 15 1/2 percent and an issue price of 99 1/2 to yield 15.86 percent.

Like the recent issue for the Bank of Montreal, the terms were fixed in advance so that the coupon payments and principal could be hedged against the Canadian dollar in the forward foreign exchange market. That operation effectively turned the agency's liability into Canadian dollars at an interest cost well below what it would have had to pay if it floated a domestic issue.

Two floating rate notes are on offer:

European Asian Bank is raising \$40 million for eight years, offering a coupon set at a quarter-point over the interbank rate and guaranteeing that this will never fall below 5 1/2 percent.

A £50 million issue for Finland in the domestic U.K. market was sold last week with a coupon of 14 1/2 percent and an issue price of 99.8715 to yield 14.55 percent. But the issue was poorly received in the secondary market.

Launched at a yield of 75 basis points over a similarly dated U.K. government bond, the Finnish paper opened trading at up to 120 basis points over such paper. The poor performance raised questions about whether plans to launch other issues for foreign borrowers in the domestic market could proceed as planned.

The next borrower rumored to be planning to tap this market is Nissan Motor Co. The Japanese automaker reportedly plans to issue £50 million of 15-year convertible bonds — the largest sterling convertible yet issued — bearing a coupon of 6-10-6 1/2 percent and a conversion premium over the Tokyo stock price of around 5 percent.

Ford Motor is rumored to be in the queue to float a five-year issue.

**Eurobond Yields\***  
(in U.S. dollars)

International institutions	15.03 %
Industrials, long term	14.67 %
Industrials, medium term	15.38 %
Canadian dollars, medium term	15.36 %
French fr. medium term	15.74 %
Unit of acc. long term	10.61 %

\* Calculated by Luxembourg Stock Exchange

**Market Turnover**  
Week Ended May 15  
(Millions of U.S. Dollars)

Total	1,646.7	1,105.0	541.7
Cedel	3,948.9	3,369.9	579.0

# Yamani Expects Saudis to Hold Oil Output

Higher than its optimum 8.5 million, in an effort to stabilize world oil prices and help OPEC agree on a unified pricing structure.

Mr. Regan said that in his discussions with Mr. Yamani they noted the oil price in the spot market at Rotterdam had fallen below the Saudi selling price.

Mr. Regan said he thought this might be temporary.

Mr. Yamani said the high interest rates in the United States were helping keep oil prices down at the pump. He said, according to Mr. Regan, that the high interest rates made it very expensive to store oil, and as a consequence reserves were being drawn down, causing a glut and reducing prices.

In recent weeks there have been reports of price wars developing in the United States as oil company outlets tried to keep their sales up.

Mr. Regan cut off his Saudi Arabia visit after two days because the Reagan administration's tax-cut legislation seemed to be entering a critical period.

The Treasury secretary said Mr. Regan wanted him to be on hand during discussions this week between the president and West German Chancellor Helmut Schmidt in Washington.

Mr. Regan was to have visited Kuwait and the United Arab Emirates on Monday. He had then planned to head the U.S. delegation at the International Monetary Fund's interim committee meeting Wednesday in Gabor.

In talks with Saudi officials, Mr. Regan has defended the administration's new economic plan, which includes a controversial proposal to cut tax rates for individuals by 10 percent each year for three years.

In the interview Sunday, Mr. Regan said he might accept a bill that accomplished the same objective at an equal or lesser cost.

Critics of the plan have charged that it would lead to even higher budget deficits and inflation in the United States.

## Caledonian Asks Staff To Forgo Pay Boost

LONDON — The management of British Caledonian Airways, Europe's largest independent airline, has asked its 6,000 employees to do without this year's scheduled 8 percent pay increase.

The airline, which made £9.7 million (about \$20.3 million) pre-tax profit in 1980, has been hit by rising costs, reduced fares and a civil servants' air traffic disruption that cost it as much as £250,000 per day.

## Gold Options

Month	May	Aug	Nov
400	14.00-14.00	14.00-14.00	14.00-14.00
500	14.00-14.00	14.00-14.00	14.00-14.00
600	14.00-14.00	14.00-14.00	14.00-14.00
700	14.00-14.00	14.00-14.00	14.00-14.00
800	14.00-14.00	14.00-14.00	14.00-14.00
900	14.00-14.00	14.00-14.00	14.00-14.00
1000	14.00-14.00	14.00-14.00	14.00-14.00

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# Mexico Seeks to Renew Acceptance Facility

rising to 1/2 point over for the remainder with a commitment fee of 3/4 percent.

Fiat Finance has awarded a mandate for a \$200-million, seven-year loan to a group of mostly Mideast banks. Interest will be set at 4 1/2 points over Libor. Alfa Romeo, meanwhile, is seeking \$50 million for five years, paying a margin of 3/4 point over Libor throughout. Istituto Bancario San Paolo di Torino, has arranged an \$80-million "club" loan for eight years at a split 3/4-1/2 point over Libor.

Despite Venezuela's assertion that it is not looking for bids on a medium-term jumbo loan, the 20-bank group put together by Citicorp will this week file a letter of intent with the Venezuelans that they stand ready to do a large financing for the country at terms to be decided at the time of launch.

"It's not worth the paper it's written on," sniffs a loan officer at a competing bank. "Venezuela itself is undecided and Citibank has no way of keeping its group together until the government does give a mandate."

Argentina's Autopistas Urbanas has awarded the mandate for an eight-year, \$150-million credit to a group of 11 banks with interest set at 3/4 point over Libor throughout.

A group of Nordic banks is syndicating a \$100-million, eight-year loan for Brazil's Centrais Electricas carrying what is now the standard rate for Brazil of 2 1/2 points over Libor.

Some 19 Japanese commercial banks are expected to arrange a \$100-million loan to help finance the first joint Japanese-Canadian development of coal resources in Alberta. Reuters reports from Tokyo that banking sources said the loan from the syndicate, led by Fuji Bank, would cover about 65 percent of the costs for the Gregg River project, with a further 10 percent coming from Japan's semi-official Export-Import Bank.

The project, involving Alberta's Gregg River Coal Ltd. and a consortium of seven Japanese firms, calls for production of 2.1 million metric tons of coking coal annually over 15 years from 1983 for shipment to Japan.

From Manila, Reuters reports that central bank governor Jaime Laya said that the Philippines has been cutting its international reserves to reduce interest payments and some short-term borrowings. He told reporters the aim was to keep reserves at between \$2.6-to-\$2.8 billion, equal to about five or six months of import payments. Central bank figures show reserves at end April stood at \$2.87 billion compared with \$3.16 billion at end 1980.

Mr. Laya said the nation's external debt was now \$13.1 billion and repayments scheduled for this year amounted to \$1.8 billion.

South Korea's Ministry of Communications reportedly is looking for bids on terms for a \$40-million loan while the Korean Exchange Bank is slated to tap the market for up to \$600 million in the coming weeks.

## S. Korea Estimates Needs

SEOUL (AP-DJ) — South Korea's foreign debt servicing will require \$25.8 billion during the five years starting 1981, the government Economic Planning Board estimated Saturday.

The estimate listed \$3.6 billion in repayment of principal and interest for this year, \$4.2 billion for 1982, \$5 billion for 1983, \$6 billion for 1984 and \$7 billion for 1985. About half of each annual figure will be interest.

The government said last week that outstanding foreign debts total \$25.6 billion and that South Korea will need to borrow \$7.7 billion this year.

These securities having been placed privately outside The Netherlands, this announcement appears as a matter of record only.

**International Bank for Reconstruction and Development**

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Bank Mees & Hope NV  
Pierson, Heldring & Pierson N.V.

Deutsche Bank Aktiengesellschaft  
Nomura International Limited  
Salomon Brothers International  
Union Bank of Switzerland (Securities) Limited

May 1981

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NEW YORK (AP)—Weekly Over the Counter stocks showing the high, low, and last bid prices for the week with the net change from the previous week's last bid prices. All quotations are supplied by the National Association of Securities Dealers, Inc., are not actual transactions but are representative interdealer prices at which these securities could be bought or sold. Prices do not include repeat market, markdown or commission. Sales supplied by NASD.

Table of stock prices for various companies including AEL Ind, AEP Ind, AET Ind, etc. Columns include company name, 100s, High, Low, Last, and Net change.

Over-the-Counter section header and introductory text.

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Consolidated Trading Of AMEX Listings

Table of stock prices for various companies including AEL Ind, AEP Ind, AET Ind, etc. Columns include company name, 100s, High, Low, Last, and Net change.

Treasury Bills

Table of Treasury bill rates for various maturities.

Consolidated Trading Of NYSE Listings

Table of stock prices for various companies including AEL Ind, AEP Ind, AET Ind, etc. Columns include company name, 100s, High, Low, Last, and Net change.

Consolidated Trading Of NYSE Listings

Table of stock prices for various companies including AEL Ind, AEP Ind, AET Ind, etc. Columns include company name, 100s, High, Low, Last, and Net change.

Kredietlux Indices

Table of Kredietlux indices for various categories.

Mutual Funds

Table of mutual fund performance and prices.

Mutual Funds

Table of mutual fund performance and prices.

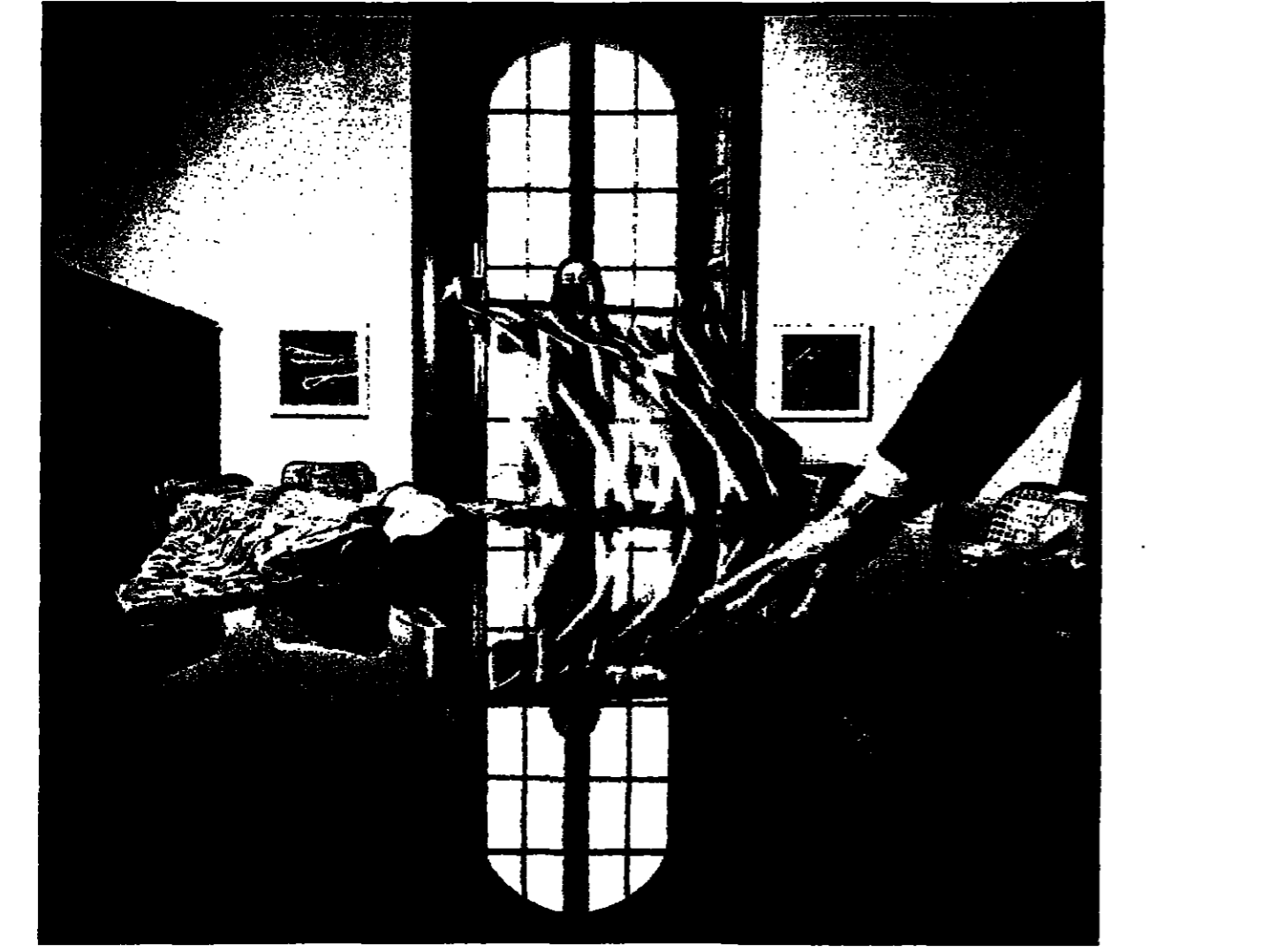
Mutual Funds

Table of mutual fund performance and prices.

Mutual Funds

Table of mutual fund performance and prices.

Cariplo: the bank that's part of the fabric of Italy's most successful region



Rare silk fabrics being displayed in the 18th century Casa Bianca, Como. Rutil S.p.A. is a Cariplo customer.

In 1980 exports of silk were worth about US\$ 200 million to Italy. Almost all of it was woven and printed in Lombardy. These are just some of the hard facts behind a luxury industry whose success has helped make Lombardy the most prosperous region in Italy. It's not surprising that Lombards enjoy the highest per capita income in the country—they produce 21% of its GNP. Most of them, and of the 235,000 businesses that flourish in Lombardy, bank with Cariplo through over 400 branches and

The undersigned announces that as from 22nd May 1981 at 10.00 AM, the shares of the CDR's Crown Zellerbach Corporation, each rep. 5 shares, will be available with Dfls. 5.892 net (gross per record-date 3.1081; gross \$ -575 psh) after deduction of 15% USA-tax = \$ -43125 = Dfls. 1.044 per CDR. Divxps. belonging to non-residents of the Netherlands will be paid after deduction of an additional 15% USA-tax = \$ -43125 = Dfls. 1.044 with Dfls. 4.85 net.

AMSTERDAM DEPOSITORY COMPANY N.V. Amsterdam, 11th May 1981.

legrand

ELECTRICAL FITTINGS & ACCESSORIES

Consolidated net profit: + 25% Overall dividend: + 29%

The Board of Directors closed the accounts for 1980 at its recent meeting in Limoges.

Consolidated turnover totals Fr. 2.128 million, or Fr. 2.053 million (+ 38%) excluding transitional activities. Allowing for structural changes, i.e. eliminating the impact of Arnould-F.a.e., S.u.t.e., Krupka (Austria) etc., the increase works out at 20%.

Consolidated results (on the basis of international principles) are given in the table below:

Table with columns for (In Fr. million), 1978, 1979, 1980, and 1980/1979. Rows include Pre-tax profit, Post-tax profit, Group share, and Cash flow.

In spite of the satisfactory results reported by our Iranian subsidiary, it has been decided to deconsolidate our 40% equity in this firm for reasons of unpredictability: this has reduced post-tax profit by Fr. 7.3 million.

Consolidated capital spending totals Fr. 190 million compared with Fr. 109 million in 1979, representing 9% of turnover. Foreign subsidiaries, especially in Germany, Great Britain and Brazil, invested a total of Fr. 35 million

These healthy results have led the Board to propose to the Annual General Meeting of Shareholders, due to be held in Limoges on June 22, 1981, an increase of the dividend per share to Fr. 34 (ex tax credit)—on a share capital that has increased by 21.5%, notably as a consequence of the 1-for-five bonus issue in 1980—compared with Fr. 31.1 for the previous year, which brings the total dividend to Fr. 31.1 million (+ 29.1%). An interim dividend having been paid in March 1981, the balance, i.e. Fr. 18, will be made payable on September 21, 1981, against presentation of coupon n° 18.

Growth in sales for the first four months of 1981 is expected to work out at around 5%, in spite of a labour dispute in March and some delays in filling.

Vertical text on the right edge of the page, possibly a page number or reference.

Over-the-Counter

Table with multiple columns listing various securities, their prices, and market movements. Includes sub-sections for 'High Low Last' and 'Net Change'.

Carlton Wins 7th as Phillies Beat Padres

San Diego — Steve Carlton pitched a five-hitter, and Mike Schmidt singled home two runs and cut down the potential tying run at the plate with a strong relay throw in the ninth inning to lead the Philadelphia Phillies to a 2-1 victory Friday night over the San Diego Padres.

More Sports On Page 15

Friday and Saturday Line Scores

Table showing baseball game results for Friday and Saturday, including team names, scores, and key players.

American Exchange Options

Table listing various American exchange options with columns for 'Option & Price', 'Close', and 'Option & Price'.

Major League Standings

Table showing the current standings for Major League Baseball teams, including National League and American League.

Advertisement for Ezio Martinelli art collection, featuring a collection of 350 paintings, bronzes, water colors, line drawings, and sculptures from 1932 to 1976.

Advertisement for Oesterreichische Kontrollbank Aktiengesellschaft, offering U.S. \$75,000,000 Guaranteed Floating Rate Notes 1986.

Large advertisement for OMRON TATEISI ELECTRONICS CO., featuring 1,000,000 Depository Shares representing 5,000,000 Shares of Common Stock.

Classified advertisements section including 'HOTELS RESTAURANTS NIGHT CLUBS', 'ESCORTS & GUIDES', and 'FOR SALE & WANTED'.





Language

Boo-Boos and No-Nos

By William Safire

NEW YORK — As a service to administration spokesmen, here is an upwrap (an upspoken wrap-up) of verbal boo-boos committed by President Reagan and his men in their first hundred-and-whatever days.

Chewing gum flavor. "When Jimmy Carter started pronouncing it 'guv'mint,' writes pet-peeves writer Pat Gallagher of Vermont. "I attributed it to his Southern background. Then everyone started pronouncing it that way. Wait, I thought, till Reagan starts talking — he'll say 'right! Not so," she notes glumly, as Reagan inveighs against the swollen federal establishment. "It's still 'guv'mint.'" This may be a carry-over from Gerald Ford's "judgment," and is an improvement over the newly popular "gum-mint."

Instinct for the juggernaut. One problem with the guv'mint, according to President Reagan, is that it has produced an "economic juggernaut," which he pledges to stop in its tracks. "A juggernaut cannot be stopped," Gordon Felt of Richmond, Va., argues. The word comes from the Hindi term for a principal god, based on the Sanskrit for "lord of the world"; it was believed that followers of Vishnu sometimes let themselves be crushed under the wheels of a cart bearing his name and statue, which moved forward inexorably. Metaphorically, a juggernaut is a movement that can be slowed, but at considerable cost.

Zero mistakes. H.R. Haldeman used to set as his efficiency goal "zero mistakes"; the man who sits in a White House position akin to his these days has committed a zero mistake. "Reagan's man Ed Meese," writes David Sopher of Jamesville, N.Y., "indicating that one would probably not need to begin all over in negotiations with Iran, spoke of not having to 'go back to ground zero.'" In this, he confused "go back to square one,"

from a dice-throwing game of the Monopoly type, with the phrase "time zero," at which social scientists sometimes start their models of process. "Ground zero" is the epicenter of an atomic blast, and not even the most determined hawk wants to go back to that.

Norman Ture, undersecretary of the Treasury, deliberately launched a neologism at a seminar sponsored by Burson-Marsteller in Washington. The public-relations firm wisely set aside substance to lead its release with the coinage of "reprivatize," which Ture prophesied "will be heard more and more in Washington." The word is neither a description of the action taken by a lieutenant busting a corporal for leading a platoon into the swamp nor a plan for a designating swimmer (formerly bathing suits) to reintroduce modesty into the product. According to Ture, "reprivatize" means the systematic reduction of the government's intrusion into the private sector. (Federal intrusion into the private language has evidently been prioritized.)

In a memorandum to "All Senators," Sen. Howard Baker (who occasionally speaks for the administration) wrote: "In the future, the entrance to the Republican Leadership Office will be in S-433 (the former Disbursing Office) instead of S-230 where it had been since time in memory." A Senate source passed this gem along to me with "in memory" underlined, and the notation "Senator Baker obviously enjoys 'killing time.'" "All senators" now await an invitation from the senator to visit the Lincoln Memorial.

No-no boo-boo. It has been officially confirmed that President Reagan told his first Cabinet meeting: "The one no-no that I'll tell you for discussion is I don't want anyone ever to bring up the political ramifications of an act." The reduplication of "no" submissively the influence of babtalyk, and was thus particularly apt in the context of a warning to politicians never to think of politics. "No-no" is a noun meaning a prohibited act, and though citations can be found of its use as far back as 1942, most citations are in the late 1970s.

New York Times Service

New Images Of the Brain

By Harold M. Schmeck Jr.

NEW YORK — They look like small raindrops on a strand of spider web, but they are part of a scene from the interior of a monkey brain frozen in an instant of time.

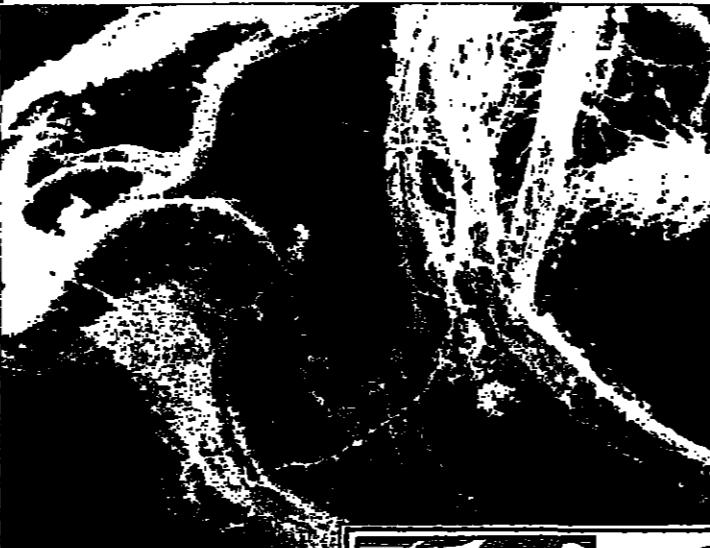
Those drop-like structures may be packets of a nerve-signaling chemical moving toward a nerve terminal where they would help a neuron fire and transmit a signal to an adjoining brain cell. This signaling is the common currency of the brain's ceaseless communication with itself, the body it controls and with the outside world.

The picture is one of about 250, produced by scientists at UCLA, that give startling three-dimensional views of brain cells and related structures, some of which have never before been observed in that way.

Another scene, this one from human brain tissue, shows a minuscule blood vessel much thinner than a human hair, with

individual red blood cells clearly visible through the wall, giving it an almost sausage-like appearance. Patches of froth on the outside of the blood vessel is thought to be a network of fibers of glial cells, brain cells which provide highly selective entrance for nutrients needed by the brain's nerves. Waste products are removed by the same glial cell channels. The blood vessel surface, shown magnified several thousand times, is also latticed with thin fibers that appear to be parts of nerve cells and may be the controls that tell the vessel when to relax, when to contract and when to allow substances to pass through its walls. In other words the nerve fibers may be the controls for a minute sector of the vitally important blood-brain barrier — the somewhat mysterious biochemical shield that protects brain cells from most substances in the blood that might interfere with brain function.

The pictures, taken with a



Monkey: (1) blood vessels, (2) nerve-cell strands, chemical drops, (3) blood vessels carpeted with nerve-cell fibers, (4) glial-cell fibers.



Drawings by Richard Yeard



Human brain: (1) single red blood cell, (2), blood-vessel pouches, possibly weak places, (3) ball-like pericytes, function unknown.

scanning electron microscope during the past two and a half years, have produced some surprises and have offered some new insights into brain organization at the cellular level, according to Dr. Arnold Scheibel, senior scientist of the research team. For example, he and his collaborators, Dr. Itzhak Fried and Linda Paul, believe they have discovered a whole class of nerve cell terminals the existence of which had been unsuspected before.

These were discovered, said Scheibel, when parts of one nerve cell were pulled away from the surface of another in preparing a tissue specimen for photography. The terminals, which may be connecting links from other, far distant, nerve cells, were found underneath the portion removed. Scheibel is a professor of anatomy and psychiatry at the medical school and member of UCLA's Brain Research Institute. He said one key to making the pictures was a process he called "creative tearing" in which tissue specimens are pulled apart gently along natural cleavage lines to reveal underlying structural detail. After the "creative tearing" a specimen is fixed chemically, dehydrated and freeze-dried, then coated with a thin layer of a gold-palladium mixture to enhance surface detail. With these procedures, said

PEOPLE: For Princess Anne

Princess Anne of Britain, 30, has given birth to an 8-pound, 1-ounce girl, the first granddaughter of Queen Elizabeth II. An announcement by the princess' doctors said mother and baby were doing well, and a Buckingham Palace spokeswoman said: "The queen, of course, is delighted." The baby is the second child for the princess and her husband, Capt. Mark Phillips. No name was announced for the infant; in 1977, the couple did not disclose the name of their son, Peter, until he was 3 weeks old.

The widow of George author of "Animal Farm" "1984," left an estate in valued at \$289,109 (\$800,000), according to a published in London. Orwell died in December where she moved four years. Her husband died in 1950.

Peter Arnett, an Ass Press special correspondent was awarded a Pulitzer Prize in 1966 for his reporting from Vietnam. He will join Ted Turner's cable-based Cable News Network. Arnett provides 24-hour-a-day programming to cable systems of the United States. Arnett is of Riverbank, New Zealand, on newspapers there and in Australia. He spent the last 10 years of his career in Southeast Asia, covering the war in Vietnam through its conclusion.

Elizabeth Taylor, cough cause of a respiratory infection and has been forced to cancel performances in the Broadway musical "The Little Foxes." A man said Miss Taylor, 49, is in medication and resting in a hotel, and would be hospitalized. "The Little Foxes" was the Broadway debut. ... Her da was reported in good condition his 76th birthday Saturday, a hospital spokesman said. ... Fonda's wife, Sherry, visits Saturday, but there was no day celebration because was still weak. His publicist, Strickland, described the operation as an "evaluative procedure" which a small hole was cut in the heart to observe the heart, which has spent two days in Diego hospital for a heart operation in April.

Nancy Reagan has been named honorary president of the Girl Scouts of America, becoming the 13th first lady to serve in the post. In White House ceremonies, Mrs. Reagan said, "Never was there a time when such an organization

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